CHAPTER 2.0

PROPOSED TRANSACTION AND NO-ACTION ALTERNATIVE

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This Supplemental EA evaluates two alternatives: the Proposed Transaction and the No-Action Alternative. Each alternative is described below.

2.1 PROPOSED TRANSACTION

Under the Proposed Transaction, CSXT would acquire from L&I a perpetual, non-exclusive, overhead-freight operating easement over 106.5 miles of the L&I Line between its connection with CSXT in Indianapolis at MP 4.0 (the Indianapolis Terminal Subdivision – Louisville Secondary Branch) and its connection with CSXT in Louisville at MP 110.5 (the Louisville Connection). This operating easement would enable CSXT to improve its operating efficiencies by shifting some of it trains from CSXT rail lines in Ohio and Kentucky to CSXT rail lines in Indiana and Ohio via the L&I Line. For purposes of its environmental review, OEA divided the rail lines that would see an increase in train numbers under the Proposed Transaction into segments. The L&I Line is divided into rail line segments LIRC-01, LIRC-02, and LIRC-03; and the affected CSXT rail lines (the Indianapolis Line Subdivision, Indianapolis Terminal Subdivision – Louisville Secondary Branch, and Louisville Connection) are rail line segments CSXT-06, CSXT-06a, and CSXT-01a, respectively. These segments and the counties through which these segments pass are shown in Figures 2.1-1 through 2.1-4.

2.1.1 Rail Infrastructure

The L&I Line is a single-track main line, consisting of 100-pound per yard jointed rail (that is, segments of rail bolted together with joint plates) on timber cross-ties. The L&I Line currently has a maximum timetable speed of 25 mph and does not have automatic traffic signaling or centralized traffic control. The majority of the L&I Line is not cleared for 286,000 pounds of gross weight on railcars (GWOR) due to rail condition.[1,2] A bridge restriction across the Flatrock River Bridge at MP 40.19, just west of Columbus, Indiana, also prevents the movement of double-stacked intermodal containers and of multi-level cars (that is, auto racks) that carry finished vehicles. The bridge also has weight and speed restrictions. There are no communities with locomotive horn quiet zones along the L&I Line.

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1 Most Class I railroads have track and bridges that have been designed or reconstructed to carry railcars that weigh 286,000 pounds each.

2 Railcars on the Indiana portion of the L&I Line are limited to weights of 263,000 pounds each. The Kentucky portion of the L&I Line can currently accommodate 286,000-pound railcars; however, Applicants intend to upgrade the physical plant on that portion of the L&I Line as well.

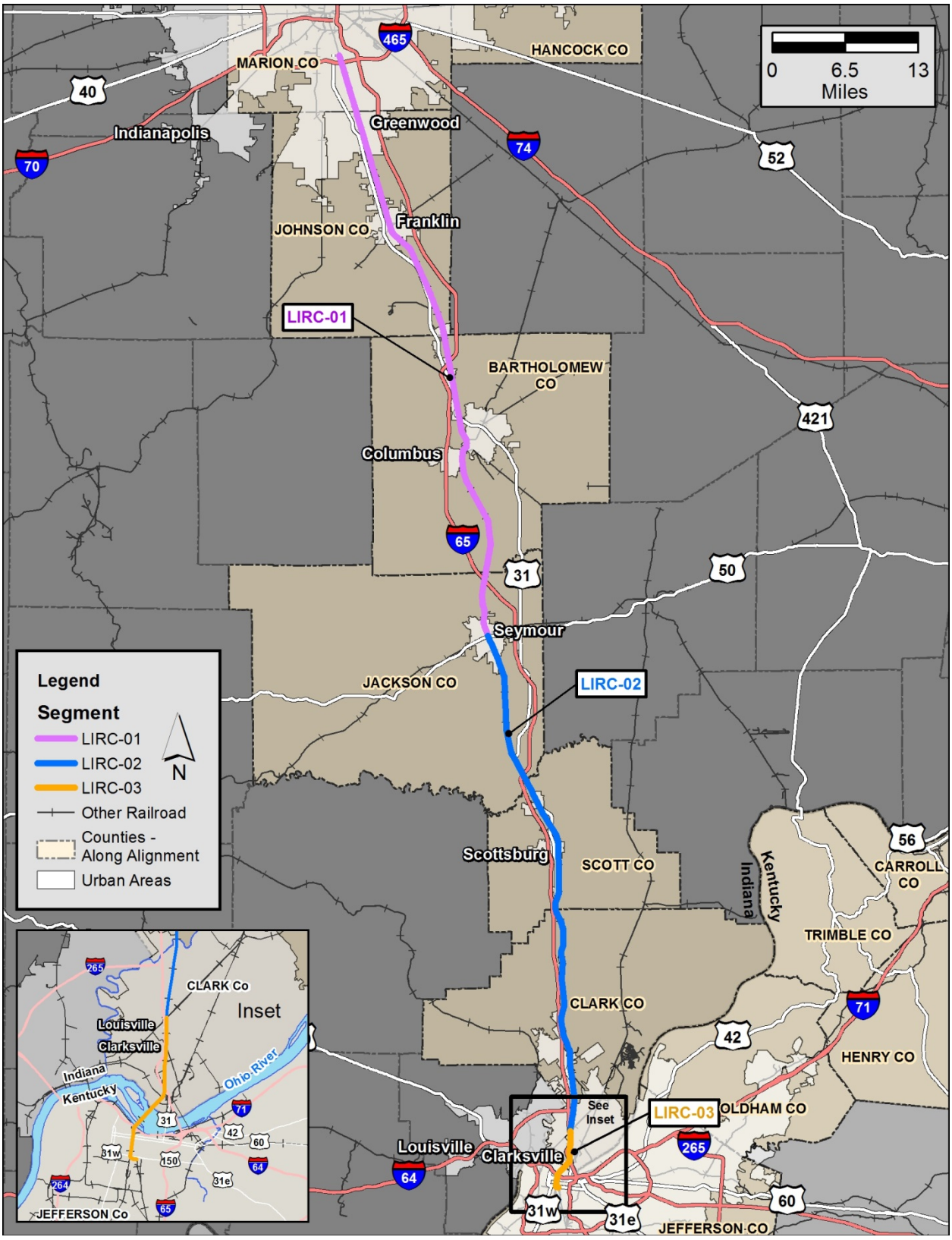

Figure 2.1-1. L&I Line Segments

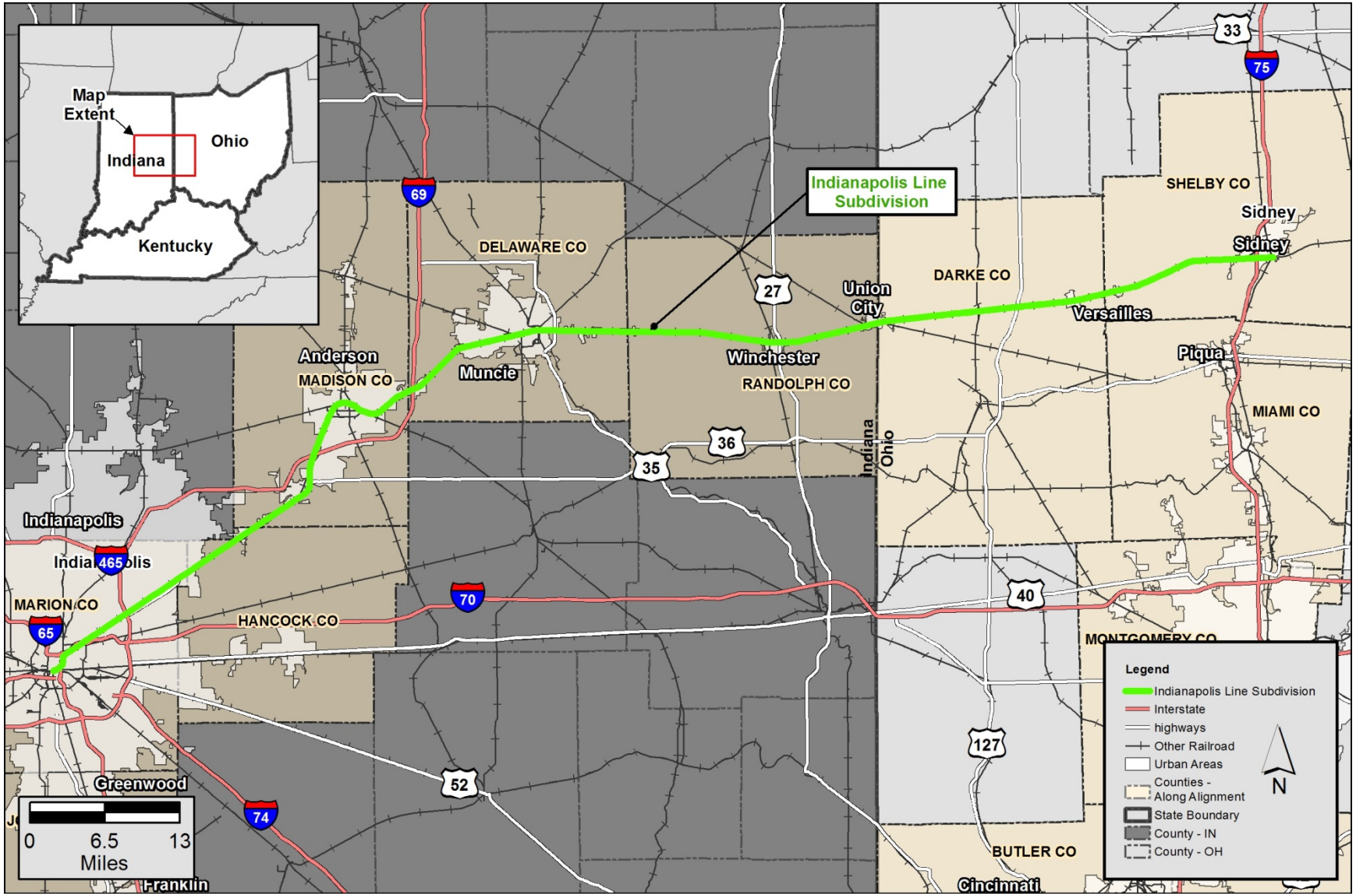

Figure 2.1-2. Indianapolis Line Subdivision (Segment CSXT-06)

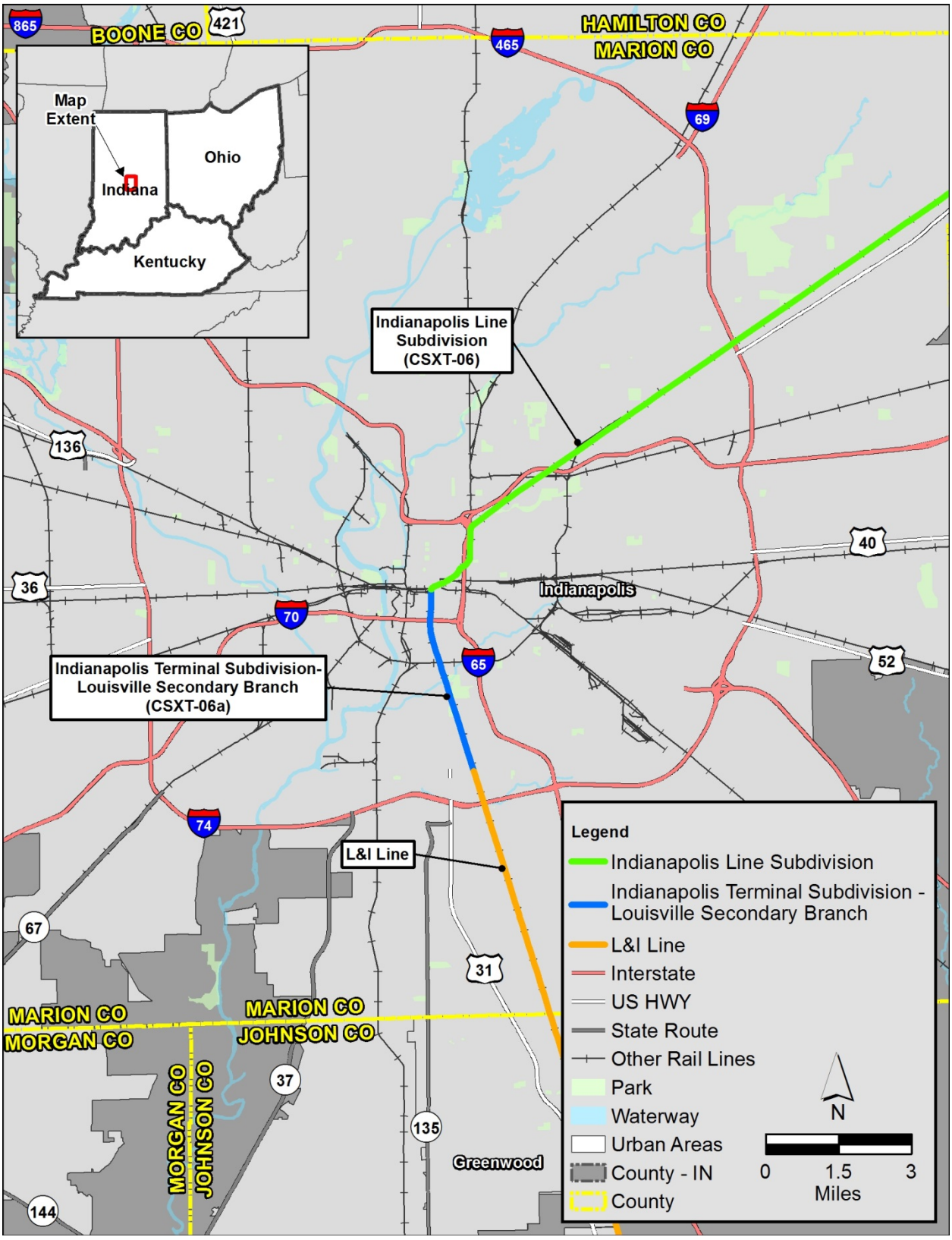

Figure 2.1-3. Indianapolis Terminal Subdivision – Louisville Secondary Branch (Segment CSXT-06a)

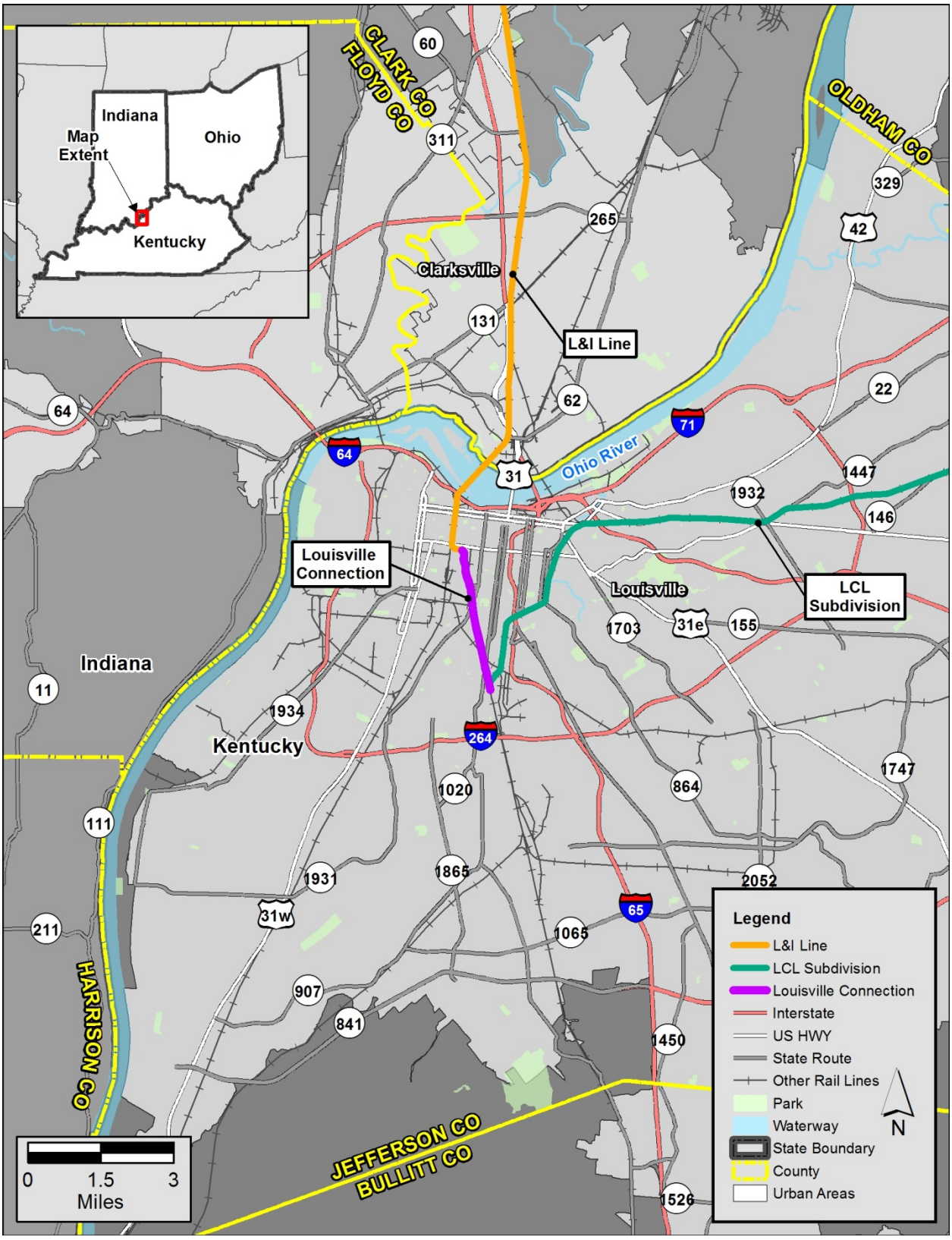

Figure 2.1-4. Louisville Connection (Segment CSXT-01a)

According to the Application, CSXT would obtain the easement from L&I in return for the investment that CSXT would make in improvements to the L&I Line. CSXT would upgrade the L&I Line and reroute more of its trains over the L&I Line. The upgrades to the L&I Line would result in a Federal Railroad Administration (FRA) Class 4 track standard, which would increase the maximum speed on a majority of the L&I Line to 49 mph (see Section 2.1.2 for details). In addition, the upgrades to the L&I Line would permit the movement of 286,000-pound railcars and the movement of taller railcars (see Section 2.1.2 for additional details).

CSXT could also extend two side tracks (that is, sidings) on the L&I Line, if either or both are determined necessary for operating efficiencies, to a length sufficient to allow for meeting or passing trains. Currently, the L&I Line has six sidings designated and located at the following timetable stations in Indiana: Elvin, Brook, Garden, Seymour, Scottsburg, and Speed. These range in length from 1,540 to 5,706 feet. If needed, CSXT would rehabilitate and lengthen the existing sidings at Elvin and Brook, as detailed in Table 2.1-1 and shown in Figure 2.1-5. The potential siding extensions would be constructed to allow trains of up to 10,000 feet to meet and safely pass. CSXT would add remotely controlled power switches at each end to allow trains to enter and exit these sidings at speeds up to 30 mph to reduce the time required to operate. The remotely controlled power switches would also reduce the time that trains entering or exiting the sidings would block public roadway crossings that are located near either end of these sidings. No changes would be made to the sidings at Garden, Seymour, Scottsburg, and Speed.

Table 2.1-1. Potential Extension of Existing Sidings

Segment No.	Length (feet)	Begin Siding	Begin Milepost	End Siding	End Milepost	Description
LIRC-01	11,100	North end of Elvin siding	20.8	Just south of County Road 150 South	22.9	Extend existing Elvin siding (3,050 feet) to south with turnout just south of County Road 150 South crossing.
LIRC-01	11,100	North end of Brook siding	37.9	North of Flatrock River Bridge	40.0	Extend Brook siding (4,769 feet) through yard at Columbus to just north of Flatrock River Bridge.

Source: CSXT, 2011, L&I Easement Information Request, June 1.

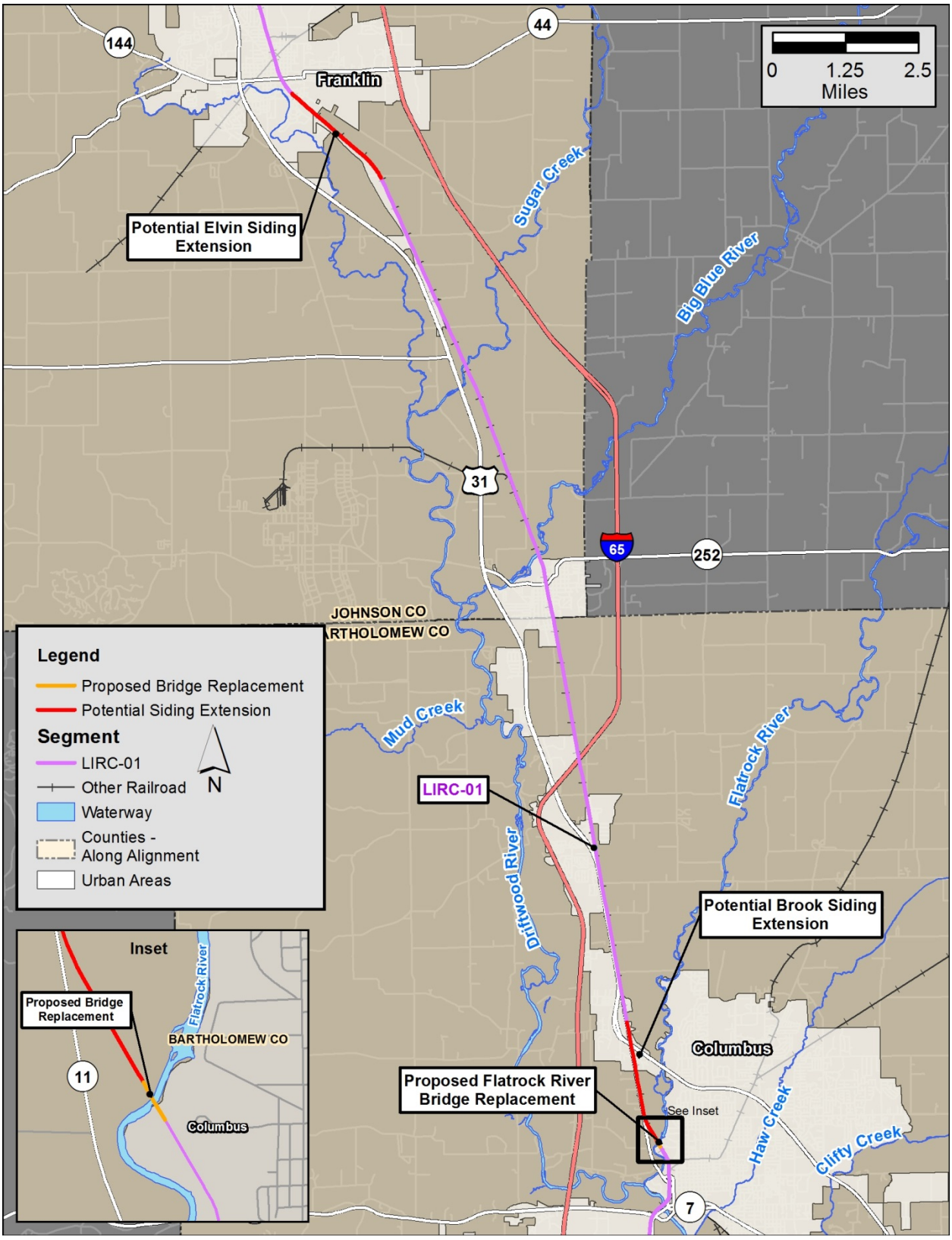

Figure 2.1-5. Locations of Potential Siding Extensions and Proposed Flatrock River Bridge Replacement

Train traffic on the L&I Line during the potential construction of the Elvin and Brook siding extensions would be limited by construction curfews (that is, closure of the rail line to traffic for a specified time frame). Closure of the rail line during the construction curfews is expected to be for less than 12 hours per day for 1 to 2 weeks to construct each of the potential siding extensions. Rail traffic would be rescheduled, rerouted, or both, depending on the timing and best combinations during the construction curfews. The minimum number of trains affected would be two CSXT and two L&I trains per day between Indianapolis and Louisville. The CSXT trains could operate at any time they could be rerouted on other rail lines, and the L&I trains could operate during the hours that the L&I rail line would remain open each day. The rescheduling and rerouting would be for the duration of only the time required to construct the potential siding extensions.

The majority of the L&I Line track consists of 100-pound per yard jointed rail, which limits speeds to 25 mph and railcar weights to 263,000 pounds each. CSXT proposes to fund replacement of this jointed rail with a heavier-weighted, continuous welded rail, which does not have joints. This replacement rail would accommodate railcars that weigh 286,000 pounds each. CSXT also proposes to replace a select number of timber cross-ties and to resurface and shape the track ballast. This rail and tie replacement and ballast resurfacing process typically occurs through the use of rail-mounted heavy equipment, and the work is typically limited to the ballast and possibly the sub-ballast. There should be no need to disturb soils beneath the ballast and sub-ballast during this process.

In addition to the proposed improvements to the rail, ties, and ballast, CSXT intends to fund the replacement of the L& I Line's steel and timber bridge over the Flatrock River at MP 40.19 just west of Columbus, Indiana, shown in Figure 2.1-5. This bridge is currently limited to slower speeds and lower axle loadings (that is, railcar weights) due to the insufficiency rating of bridge members. In addition, the bridge cannot currently accommodate double-stacked intermodal or multi-level cars. The proposed bridge replacement would be a new bridge with longer spans and fewer piers, and would enable the structure to accommodate faster trains, 286,000-pound railcars, and taller railcars.

Replacement of the Flatrock River Bridge would require a full rail line outage (that is, closure of the rail line to traffic for 24 hours per day) for approximately 2 weeks, depending on the construction staging plan developed by the contractor and approved by CSXT and L&I. It is anticipated that the closure of the rail line would occur during the automobile plant shutdown period in July, when train traffic on the L&I Line is less frequent. L&I Line traffic would be temporarily rerouted to the Indianapolis Terminal Subdivision – Louisville Secondary Branch or the Louisville Connection so that L&I could maintain service from both ends of its rail line during the closure. CSXT trains would be rerouted via the Indiana Terminal Subdivision or the LCL Subdivision during the bridge replacement, depending on capacity at the time each train moves. CSXT would not reroute any additional traffic to the L&I Line until the proposed bridge replacement is completed.

These improvements to both track and bridge would upgrade the infrastructure and reliability of the L&I Line to allow for safe and efficient movements of Applicants' trains under the Proposed Transaction. However, the timing and need to add such capacity depends on various factors, most of which are directly attributable to general economic and market conditions that would influence the amount of freight rail traffic that is available for CSXT to operate via the L&I Line. CSXT anticipates that the upgrade of the L&I Line, including the potential construction of the

Elvin and Brook siding extensions and proposed replacement of the Flatrock River Bridge, would be limited to work upon and within the limits of L&I's existing right-of-way (ROW).

For the purposes of controlling train access to a rail line segment and to provide for the safe and efficient movement of trains over a rail line segment, a single railroad governs and authorizes the movement of trains and serves as the central communications center for the rail line segment. This is generally conducted from a train dispatch center. L&I currently controls and handles dispatch of all trains on the L&I Line. This includes the two CSXT trains per day that currently operate on the L&I Line between Seymour and Louisville. Under the Proposed Transaction, there would be no change in the manner by which L&I manages the movement of trains on its rail line as L&I would continue to control and dispatch all trains on the L&I Line.

Any necessary permits would be secured to construct the potential Elvin and Brook siding extensions and the proposed Flatrock River Bridge replacement. Possible permits could include National Pollutant Discharge Elimination System (NPDES), Stormwater Construction, and U.S. Army Corps of Engineers (USACE) permits for impacts on wetlands and streams, and State of Indiana at-grade crossing permits. The proposed upgrades would be designed to minimize impacts on the environment.

2.1.2 Rail Operations

FRA regulations specify minimum safety requirements for rolling stock (that is, locomotives and railcars), track, signals, operating practices, and the transport of hazardous materials. Safety requirements address the design and inspection of railcars, tracks, and signal systems. Railroad track safety standards (49 C.F.R. Part 213) are based on classifications of track that determine maximum allowable operating speed limits, inspection frequencies, and standards of maintenance, among other issues. The higher the class of track, the more stringent the maintenance standards and the faster the allowable maximum operating speed. Both L&I and CSXT maintain their rail lines to comply with FRA's Track Safety Standards (49 C.F.R. Part 213).

Actual operating speeds on a rail line segment are not based solely on condition of the track and the maximum allowable speed. The speeds are a function of the optimal speed based on local conditions within the communities in which they operate, fuel efficiency, urgency of moving the commodity, and best use of labor and equipment. Railroads set their desired operating speeds for segments of track through published timetables or train orders, and are required to maintain track segments according to FRA geometric and structural standards.

Currently, the L&I Line is FRA Class 2 track with a maximum allowable speed of 25 mph for freight. Maximum speeds are not always in effect for an entire rail line segment or subdivision. For example, both permanent and temporary speed restrictions can be in effect at some locations due to track condition, track curvature, crossing diamonds, grade crossings, and other physical or operating conditions. The proposed upgrades would enable the L&I Line to attain FRA Class 4 designation. Class 4 track allows freight operations at speeds up to 60 mph where an automated signaling system is used to control train traffic on a main line, or 49 mph when train traffic is controlled through a track warrant system, referred to as track warrant control (TWC). Under TWC, authorization to occupy a main line is provided through a verbal authorization system by radio, phone, or other electronic transmission from a dispatcher. Applicants currently use a

TWC system on the L&I Line and intend to retain that system under the Proposed Transaction. Thus, train speeds on the L&I Line would be limited to 49 mph under the Proposed Transaction.

The existing and proposed train speeds on the L&I Line as well as the Indianapolis Line Subdivision, Indianapolis Terminal Subdivision – Louisville Secondary Branch, and Louisville Connection under the Proposed Transaction are shown in Table 2.1-2. No changes in train speed are anticipated on the Indianapolis Line Subdivision, Indianapolis Terminal Subdivision – Louisville Secondary Branch, and Louisville Connection. L&I does not anticipate changes to its number, length, or tonnage of trains as a result of the Proposed Transaction, but the proposed track improvements would allow higher train speeds.

Table 2.1-2. Anticipated Changes in Train Speed

Segment No.	Begin MP	End MP	Length (miles)	Description	Existing Speed (mph)	Proposed Speed (mph)	Change (mph)
CSXT-06	283.6	273.0	120.1	Indianapolis Line Subdivision	35	35	0
	273.0	269.0			35	35	0
	269.0	250.0			55	55	0
	250.0	245.5			25	25	0
	245.5	232.7			55	55	0
	232.7	227.4			25	25	0
	227.4	163.5			55	55	0
CSXT-06a	0.0	4.0	4.0	Indianapolis Terminal Subdivision – Louisville Secondary Branch	10	10	0
LIRC-01	4.0	20.0	16.0	L&I Line	25	49	+24
	20.0	20.7	0.7	Franklin	25	40	+15
	20.7	37.0	16.3	L&I Line	25	49	+24
	37.0	42.0	5.0	Yard Limit – Columbus	20	20	0
	42.0	58.9	16.9	L&I Line	25	49	+24
	58.9	58.9	0.0	CSXT Diamond Interlocking	20	35	+15
	58.9	59.3	0.4	Seymour	25	35	+10
LIRC-02	59.3	104.5	45.2	Seymour to Jeff Yard	25	49	+24

Segment No.	Begin MP	End MP	Length (miles)	Description	Existing Speed (mph)	Proposed Speed (mph)	Change (mph)
LIRC-03	104.5	106.0	1.5	Yard Limit	20	20	0
	106.0	108.3	2.3	Yard Limit	10	20	+10
	108.3	108.9	0.6	Yard Limit – State Line	20	20	0
	108.9	109.0	0.1	South end of Bridge	6	20	+14
	109.0	110.5	1.5	Yard Limit	10	20	+10
CSXT-01a	TR 0.4	0.0	2.7	Louisville Connection (Osborn Yard)	10	10	0

Source: CSXT, 2014, Average Trains per Day in 2013. Excel spreadsheet received via email on May 12, 2014, from Louis E. Gitomer on behalf of CSXT.

CSXT operates a mix of trains—automobile, bulk commodities, coal, intermodal, merchandise, and others—over the region of its network that would be affected by the Proposed Transaction. Under the Proposed Transaction, CSXT trains operating over the L&I Line would likely average 7,200 feet in length and 6,000 tons in weight. CSXT could increase train lengths if general economic and market conditions warrant; however, CSXT does not expect its trains to exceed, on average, 7,200 feet in length over the L&I Line for at least the first 5 years of operations under the Proposed Transaction. L&I operates trains that are 3,160 feet long and weigh 4,000 tons. L&I does not anticipate changes to its number, length, or tonnage of trains as a result of the Proposed Transaction. Should L&I decide to increase the height or tonnage of its trains, and thus benefit from the proposed CSXT-funded upgrades, L&I could do so but would pay CSXT a fee. Pursuant to its trackage rights agreement, CSXT would not transport hazardous material over the L&I Line. CSXT and L&I are the only carriers that use or would use the L&I Line.

CSXT's current and proposed train traffic in the project area is shown in Figure 2.1-6. In addition, descriptions of how CSXT would reroute some of its trains to levels that exceed the Board's thresholds for environmental review are as follows:

1. Louisville, Kentucky, to Sidney, Ohio, route (via Cincinnati, Ohio): Currently, trains run from Louisville northeast to Cincinnati over the LCL Subdivision and Cincinnati Terminal Subdivision. From Cincinnati, trains move north to Hamilton, Ohio, along the Cincinnati Terminal Subdivision and then north to Sidney along the Toledo Subdivision. Under the Proposed Transaction, CSXT would reroute some of the trains moving between Louisville and Sidney. The rerouted trains would move from Louisville north to Indianapolis, Indiana, over the L&I Line. From Indianapolis, trains would move northeast through Muncie, Indiana, and on to Sidney along the Indianapolis Line Subdivision.

2. Louisville, Kentucky, to Sidney, Ohio, route (via Seymour, Indiana): Currently, trains operate between Louisville and Sidney using existing trackage rights over the L&I Line. From Louisville, the trains move north over the L&I Line to Seymour, and from Seymour, the trains move east along the Indiana Terminal Subdivision to Cincinnati, Ohio. From Cincinnati, trains move north to Hamilton, Ohio, on the Cincinnati Terminal Subdivision and then on to Sidney on the Toledo Subdivision. Under the Proposed Transaction, CSXT would reroute some of the trains moving between Louisville and Sidney. The rerouted trains would move from Louisville north to Indianapolis, Indiana, over the L&I Line. From Indianapolis, trains would move northeast to Muncie, Indiana, and on to Sidney along the Indianapolis Line Subdivision.
3. Indianapolis, Indiana, to Louisville, Kentucky, route: Currently, trains move northeast to Sidney, Ohio, along the Indianapolis Line Subdivision. Then trains move south to Hamilton, Ohio, along the Toledo Subdivision and then on south to Cincinnati, Ohio, along the Cincinnati Terminal Subdivision. From Cincinnati, trains move southwest to Louisville over the LCL Subdivision. Under the Proposed Transaction, CSXT would reroute some of the trains moving between Indianapolis and Louisville. The rerouted trains would move from Indianapolis south over the L&I Line to Louisville.

As a result of the Proposed Transaction, CSXT would eliminate two trains that it currently operates over its Indiana Terminal Subdivision (between Cincinnati and Seymour) and thence over the L&I Line to Louisville. In the future, these trackage rights trains would operate over the LCL Subdivision, which would be a result of available capacity created by routing trains over the L&I Line instead of the LCL Subdivision. CSXT would retain the ability to enter and exit the L&I Line at Seymour.

CSXT would also reroute some of its traffic on its Louisville, Kentucky, to East St. Louis, Illinois, route. Currently, trains move from Louisville west to the Ohio River crossing at Henderson, Kentucky/Evansville, Indiana, and then north to Vincennes, Illinois. From Vincennes, the trains move west to East St. Louis. Under the Proposed Transaction, CSXT would reroute some of the trains moving between Louisville and East St. Louis. The rerouted trains would move from Louisville north to Indianapolis, Indiana, over the L&I Line. From Indianapolis, the trains would move west to East St. Louis. However, these proposed reroutings do not exceed the Board's thresholds for environmental review and are not evaluated in the Draft or Supplemental EAs.

According to Applicants, the Proposed Transaction would allow CSXT to better serve its customer base by operating more efficiently within the region. Acquisition of the Easement would afford CSXT greater flexibility and control over the routing and handling of its trains in the Midwest region, especially between Louisville and Cincinnati. Increased flexibility would enable CSXT to more efficiently route trains to, from, and through the region, which would lower CSXT's operating costs and improve the consistency and performance CSXT can offer to current and future customers. In addition, the entire CSXT network would benefit from more efficient and consistent operations in the region, and the improved operations would reduce fuel consumption and emissions. The Proposed Transaction would also enable L&I to move heavier and taller railcars and increase the speed of its trains, thereby enhancing L&I's operating efficiencies as well.

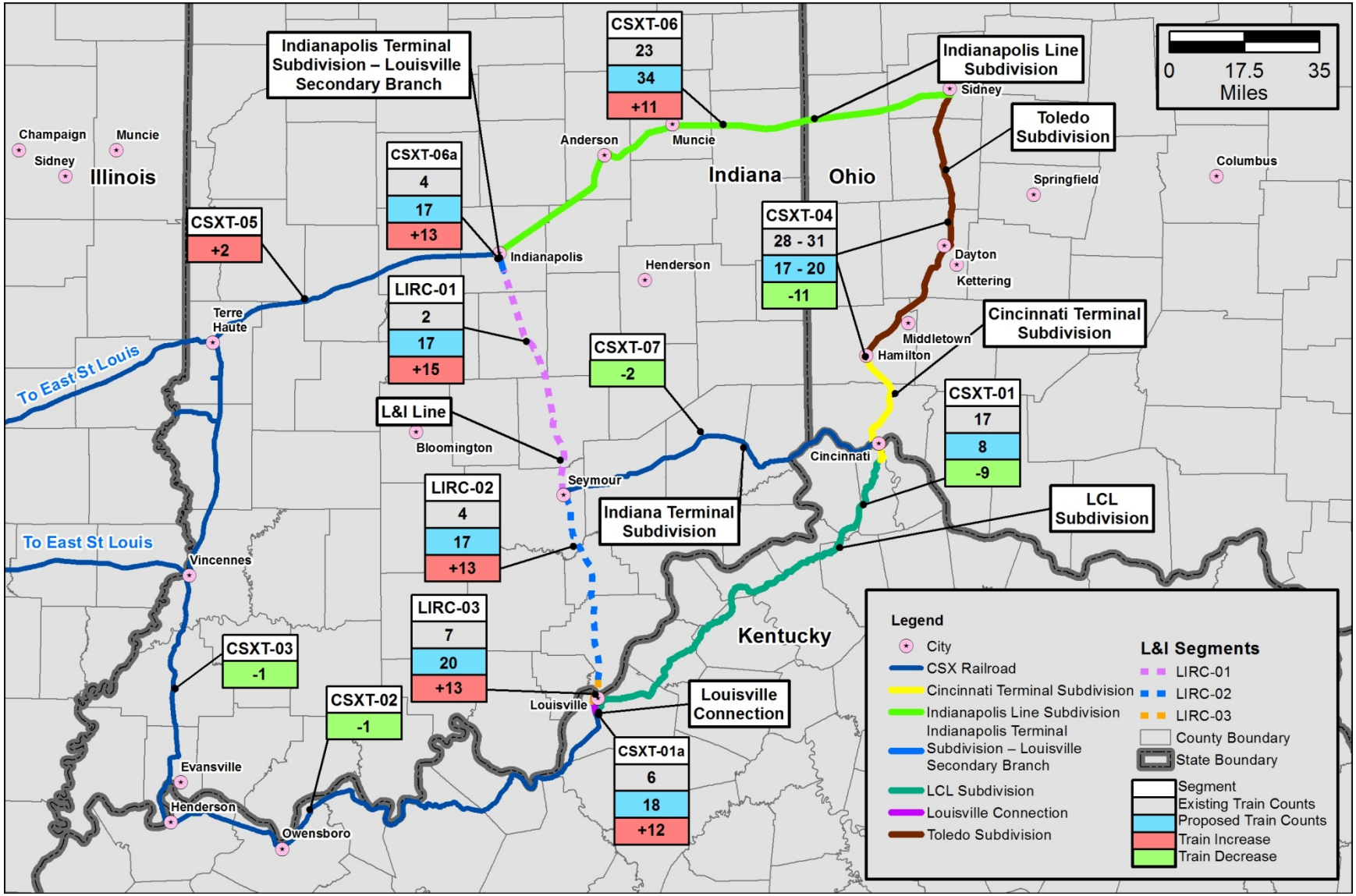

Figure 2.1-6. CSXT Current and Projected Train Traffic

Table 2.1-3 presents the changes in train traffic by segment that would (1) occur under the Proposed Transaction and (2) also exceed the Board's thresholds for environmental review.[3] As stated in Chapter 1.0, the Supplemental EA focuses on the potential operational impacts on the CSXT rail lines—that is, segments CSXT-06, CSXT-06a, and CSXT-01a—that would experience increases in train traffic under the Proposed Transaction that exceed the Board's thresholds for environmental review. For the L&I Line, the assessment of potential operational impacts in the Supplemental EA is limited to changes in wildlife strikes. The assessment of all other potential operational impacts (for example, grade crossing safety and delay, and noise and vibration) on the L&I Line under the Proposed Transaction is provided in the Draft EA.

The Proposed Transaction would not add passenger or commuter rail traffic to the L&I Line. Amtrak currently operates one or two excursion trains annually on the L&I Line, and no commuter trains operate on the L&I Line.

Table 2.1-3. CSXT's Anticipated Changes in Train Volume Under the Proposed Transaction

Segment No.	Rail Line	Length (miles)	Begin Station	End Station	Existing Trains per Day	Proposed Trains per Day	Change in Trains per Day
CSXT-06	Indianapolis Line Subdivision	120.1	Sidney	IU Interlocking	23	34	+11
CSXT-06a	Indianapolis Terminal Subdivision – Louisville Secondary Branch	4.0	IU Interlocking	MP 4.0	4	17	+13
LIRC-01	L&I Line	55.3	Indianapolis	Seymour	2	17	+15
LIRC-02	L&I Line	45.2	Seymour	Jeff Yard	4	17	+13[a]
LIRC-03	L&I Line	6.0	Jeff Yard	CSXT Junction, Louisville	7	20	+13[a]
CSXT-01a	Louisville Connection	2.7	MP 110.5	Osborn Yard	6	18	+12

Source: CSXT, 2011, L&I Easement Information Request, June 1.

Note:

[a] *Two of the projected trains added on L&I Line segment LIRC-01 would exit the L&I Line at Seymour, Indiana, and, therefore, would not operate on L&I Line segments LIRC-02 and LIRC-03.*

[3] Proposed trains are CSXT's best estimate for the first 3 to 5 years of operations under the Proposed Transaction. However, actual train counts would depend on general economic conditions, market factors, and transportation demand.

2.2 NO-ACTION ALTERNATIVE

CEQ's regulations implementing NEPA require consideration of a No-Action Alternative (40 C.F.R. § 1502.14(d)). Consideration of the No-Action Alternative provides a basis for understanding the benefits and potential adverse impacts of the Proposed Transaction. Under the No-Action Alternative, CSXT would not acquire an operating easement from L&I, would not upgrade the L&I Line, and would not jointly use the L&I Line with L&I. CSXT would continue to use the L&I Line for its current volume of overhead traffic (that is, two trains per day) and would not make any improvements to the L&I Line or make any changes to existing rail operations. Under the No-Action Alternative, the traffic increases on the L&I Line that would occur under the Proposed Transaction would not take place, but the potential transportation-related benefits of this project to CSXT and L&I that would result from the upgrades that CSXT proposes would not occur either.

Under existing conditions, CSXT's LCL Subdivision operates at or above train capacity, which impacts CSXT's ability to operate a consistent, reliable, and recoverable railroad. CSXT expects the overall demand for freight rail transportation to increase, and expects the LCL Subdivision to continue operating at or above train capacity.

FRA anticipates a 28 percent increase in U.S. freight demand by 2035 (FRA 2010). Much of this freight would move over critical corridors in Indiana and Ohio, with CSXT's Toledo Subdivision and Cincinnati Terminal Subdivision projected to operate above capacity by 2035 (FRA 2009). Other rail routes in Indiana and Ohio, such NSR's rail line from West Lafayette to Fort Wayne in Indiana and Canadian National Railway Company's (CN's) rail line from Gary to South Bend in Indiana are also projected to operate above capacity. CSXT's Indianapolis Line Subdivision is projected to operate below capacity (FRA 2009).

Under the No-Action Alternative, the LCL Subdivision, Toledo Subdivision, and Cincinnati Terminal Subdivision would continue to operate at or above capacity, potentially resulting in a significant cumulative impact on rail capacity in Indiana and Ohio.

The L&I Line is not mapped as a major corridor in FRA's *National Rail Plan*, and a future projection of demand is not included in that report (FRA 2010). The L&I Line currently operates with only light traffic; based on information provided by Applicants, it is not anticipated that the L&I Line would operate at or above capacity in the foreseeable future.